PROVINCE OF SASKATCHEWAN

08-09

ANNUAL REPORT

MINISTRY OF JUSTICE AND ATTORNEY GENERAL

Saskatchewan Financial Services Commission

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This annual report is also available in electronic format from the Ministry's website at **www.justice.gov.sk.ca**

Letters of Transmittal

His Honour the Honourable Dr. Gordon L. Barnhart
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

As the Minister responsible for the Saskatchewan Financial Services Commission, I respectfully submit the Annual Report for the year ending March 31, 2009.

D R Morgan

Don Morgan, Q.C.
Minister of Justice and Attorney General

The Honourable Don Morgan, Q.C.
Minister of Justice and Attorney General

Dear Sir:

I have the honour of submitting for your consideration the Annual Report of the Saskatchewan Financial Services Commission for the year ending March 31, 2009.

Dave Wild

Dave Wild
Chairperson

Commissioners

Dave Wild
Chairperson

Mr. Wild was appointed the first Chair of the Financial Services Commission with its creation in 2003. He had been appointed Chair of the Saskatchewan Securities Commission in 2001. However, the duties of the Securities Commission have been assigned to the Financial Services Commission. He also currently serves as the Superintendent of Pensions. Having been first appointed in 1992, he is the longest serving pension regulator in Canada. He is currently Chair of the Canadian Association of Pension Supervisory Authorities. Mr. Wild is also active in the Joint Forum of Financial Market Regulators. He is the immediate past Chair of the Joint Forum and chairs Joint Forum committees with respect to consumer complaint resolution and point-of-sale disclosure regarding mutual funds and segregated funds.

Art Wakabayashi
Vice-Chairperson

Mr. Wakabayashi was first appointed to the Securities Commission as Vice-Chair in June 1997. He was appointed to the Financial Services Commission on February 1, 2003. He held senior positions in the Government of Saskatchewan, including Deputy Minister of Finance. In the federal government, he was Assistant Deputy Minister (Policy), Solicitor General's Department, and Federal Economic Development Coordinator. He was Chancellor of the University of Regina until July 1, 2007, when his Commission colleague William F. Ready, Q.C., assumed the title and Mr. Wakabayashi became the Chancellor Emeritus. He is a member of the Order of Canada, and is also the Honourary Consul-General of Japan in Regina.

Dale Hillmer
Commissioner

Mr. Hillmer was appointed to the Securities Commission in August 2001. He was appointed to the Financial Services Commission on February 1, 2003. He has extensive experience with the credit union sector in Saskatchewan, serving 12 years as the CEO of Sherwood Credit Union and 12 years as Vice-President - Finance with Credit Union Central of Saskatchewan. Mr. Hillmer has served as a trustee of the Co-operators Pension Fund, the Saskatchewan Wheat Pool Pension Plan, the Co-operative Superannuation Society and Ethical Mutual Funds. He has also served on the advisory board of the Regina Economic Development Authority.

William F. Ready, Q.C.
Commissioner

Mr. Ready was appointed to the Securities Commission in August 2001. He was appointed to the Financial Services Commission on February 1, 2003. He is a distinguished Saskatchewan lawyer with an extensive background in securities law, and served for 27 years on the board of the RoyFund mutual fund group. In 1989, the University of Regina conferred upon him the degree of Doctor of Laws (honoris causa). He was the senior partner of McDougall Ready law firm at the time of his retirement from active practice. On July 1, 2007, he became the seventh Chancellor of the University of Regina.

Frank Reidy
Commissioner

Mr. Reidy was appointed to the Financial Services Commission on February 1, 2003. He has served the insurance industry for 45 years and was made an Honourary Life Member of the Insurance Brokers' Association of Saskatchewan in 2002. He is the past Chair of the Insurance Brokers' Association of Saskatchewan. Mr. Reidy is the founding and current Chairman of the Board of Directors of Western Agriculture Insurance Corporation. Mr. Reidy served as the Vice-President of the Saskatchewan School Trustees Association. As well, he served as a Director of Canada Post Corporation. Mr. Reidy currently serves as a Director of the Providence Place Foundation.

Gwen Charman
Commissioner

Ms. Charman was appointed to the Financial Services Commission on February 1, 2003. Ms. Charman is a Chartered Accountant with experience in public practice, with the Department of Canadian Western Economic Diversification, and is currently the Director of Operations for the Meewasin Valley Authority in Saskatoon. She has been a long-term member of the Co-operative Securities Board, and has also served on the boards of Wanuskewin Heritage Park, Saskatchewan Archives, Saskatoon YWCA, Big Sisters of Saskatoon, Saskatoon Victorian Order of Nurses and Saskatoon Housing Authority.

What We Do

The Saskatchewan Financial Services Commission (SFSC) regulates Saskatchewan's financial services industry, including the credit union system, insurance, pensions, securities, trust and loans, loan brokers, mortgage brokers and payday loans. Regulatory responsibilities fall into one of three overlapping sectors. The first is providing input into developing provincial legislation, regulations, policies and standards (the rules). The second is interpreting and applying the rules. The third is taking appropriate action to protect the rights and interests of consumers of financial services when the rules are broken.

Similar to those of other financial services regulators, the ongoing operations of the SFSC encompass a broad range of regulatory functions.

Licensing and Registration

Financial institutions, pension plans and financial intermediaries require approval to conduct business. The SFSC requires applicants to provide enough information to allow assessment of whether the applicant is suitable to conduct business in the chosen field.

Audit and Compliance

On an ongoing basis, the SFSC monitors those regulated to verify they are capable of meeting their obligations to consumers and are conducting themselves in compliance with the rules.

Market Conduct and Complaint Handling

The SFSC enforces rules that promote fair conduct by market participants and full, plain and true disclosure of products and services to consumers. The SFSC ensures there are effective processes in place to receive and investigate complaints from consumers. Complaints are reviewed and appropriate information is collected to determine whether there are violations of the rules.

Enforcement

The SFSC exercises its influence and its legislative powers to hold to account those who have violated the rules. Enforcement may be initiated based on information from complainants, information obtained from audit and compliance activities, or from other sources.

The SFSC's regulatory functions include both prudential and market conduct regulation. Prudential regulation addresses the financial soundness of those regulated. Market conduct regulation refers to supervising compliance related to consumer protection provisions including disclosure, confidentiality, fair practices and prohibited methods of doing business.

In fulfilling its mandate, the SFSC relies upon the following self-regulatory organizations (SROs):

- Credit Union Deposit Guarantee Corporation
- General Insurance Council of Saskatchewan
- Hail Insurance Council of Saskatchewan
- Life Insurance Council of Saskatchewan
- Investment Dealers Association of Canada
- Mutual Fund Dealers Association of Canada

A number of federal and provincial initiatives are focused on coordinating and harmonizing financial services regulation. The SFSC works with regulators from other jurisdictions. These national organizations include the Joint Forum of Financial Market Regulators (Joint Forum), the Canadian Association of Pension Supervisory Authorities (CAPSA), the Canadian Council of Insurance Regulators (CCIR), and the Canadian Securities Administrators (CSA).

Who We Are

The SFSC is led by a seven-person commission established under *The Saskatchewan Financial Services Commission Act.* Section 9 of the Act provides the Commission with a mandate to:

- coordinate financial services regulators;
- provide for the development of policies to protect the interests of consumers of financial services;
- provide for the development of policies to regulate financial services and any persons who, or associations or groups of persons that, provide financial services; and
- perform any responsibilities of a financial services regulator pursuant to any financial services legislation that are assigned to the Commission by the Regulations under the Act.

Pursuant to this last point, the responsibilities of the Saskatchewan Securities Commission have been assigned to the SFSC.

Vision

SFSC's vision is to cultivate an environment in which everyone in Saskatchewan has confidence in and can enjoy the benefits from a vibrant financial marketplace.

Mission

The SFSC strengthens Saskatchewan's financial marketplace and protects consumers by regulating providers of financial products and services in an effective, efficient and balanced manner.

Regulatory Principles

The SFSC is committed to these principles:

Competency

Other regulators and stakeholders rely on the SFSC because it has staff with the skills, knowledge and attitude required to meet its commitments.

Consultation

The SFSC consults those who may be affected by a proposed regulatory change.

Transparency

The SFSC seeks to develop understandable rules that are complete and easy to follow, and, when appropriate, to provide explanations and communicate its decisions.

Proportionate Regulation

When developing and applying rules, the SFSC considers the cost of compliance and the intended results. Regulatory actions are proportionate to the risk posed and contribute to sound business practices within the financial services sector.

Flexibility and Discretion

Recognizing there are many possible regulatory solutions, the SFSC exercises its discretion to achieve the most practical and affordable solutions that achieve the intended objective without compromising consumer protection.

Co-operation

The SFSC works with regulators in other jurisdictions and self-regulatory organizations to achieve regulatory efficiency and effectiveness.

Harmonization

The SFSC seeks to harmonize rules and systems across sectors and jurisdictions to the greatest extent possible. The SFSC will make exceptions when justified by the unique situation in Saskatchewan.

Accountability

The SFSC holds those being regulated responsible and accountable for complying with the rules. The SFSC is accountable to the government and to the public for applying the spirit and substance of the regulatory regime.

Accessibility

The SFSC is approachable by consumers and those it regulates.

The SFSC is committed to fulfilling its regulatory responsibilities. However, the SFSC recognizes that not every problem requires a regulatory solution. Therefore, the SFSC is also committed to providing strategic solutions. The SFSC considers a wide range of alternative actions such as supplying expertise and advice, acting as a mediator and providing forums for industry dialogue.

Values

The actions of the SFSC's personnel are guided by the following commitments:

Openness

We share information and listen openly. We encourage understanding of and involvement in decision making.

Respect

We treat everyone fairly and with dignity, respect and compassion.

Professionalism

We exhibit a positive, courteous, conscientious, and businesslike manner in the workplace. We take personal responsibility for achieving the goals of the SFSC.

Fairness

We are impartial and unbiased in our decision making.

Decisiveness

We make clear, timely and responsible decisions.

Creativity

We encourage innovation and continuous improvement of our business processes and service provision.

Initiative

We empower our staff and encourage them to question the status quo.

Service

We provide quality and timely service by listening to, understanding and addressing the needs of our customers, clients and employees. We provide our people with the training and tools they need to do their jobs.

Work/life balance

We recognize and accommodate our employees' needs to balance their responsibilities and interests outside of work with meeting the increasing demands of the workplace.

Collaboration

We work together internally, and with those we regulate, to deliver the best possible solution.

Strategic Goals

SFSC's four strategic goals are briefly described as follows.

A fair and effective financial regulatory system for Saskatchewan

The SFSC ensures appropriate rules are in place to regulate the financial services sector. The SFSC is giving attention to requirements for new categories of entrants and new products as well as to the changing conditions in existing market segments. By increasing harmonization with other Canadian jurisdictions, updating Saskatchewan's legislation and related rules, and working effectively with the SROs, the SFSC will maintain and enhance the quality of its regulation.

Confidence in the SFSC and the Saskatchewan financial marketplace

The financial services industry depends on public and industry confidence. The SFSC recognizes that while most financial services providers follow the rules, the actions of those few who breach the rules can have a significant negative impact on confidence levels. The SFSC is increasing its emphasis on timely compliance and enforcement actions to deter wrong-doing, detect incidences of wrong-doing and reduce the harmful impact on consumers. At the same time, the SFSC will take steps to increase availability of tools and information that will help consumers protect themselves and make better decisions about their financial transactions.

Regulatory consistency between sectors and for like products and services

The SFSC is building increased cross-sectoral understanding and co-operation through participation in national initiatives and through the SFSC's integrated organizational structure and governance. The SFSC will work with the SROs to look for opportunities for enhanced consistency.

Effective results with limited resources

As a government agency, the SFSC is accountable to the public for the resources it uses. The SFSC is committed to continuous improvement of its operational efficiency.

Our 2008-09 Annual Report

Financial Institutions Division

The Financial Institutions Division (FID) regulates and supervises Saskatchewan trust, loan and finance companies, insurance companies, loan and mortgage brokers and the credit union system. FID protects the public interest and enhances public confidence by encouraging sound and ethical business practices for insurers and financial institutions duly authorized to operate in Saskatchewan. FID also oversees regulatory agencies that have been delegated authority.

2008-09 Key Commitments

- Respond to consumer inquiries and complaints.
- Protect consumers by licensing, auditing and examining regulated financial services businesses.
- Oversee, monitor and support the operation of existing industry regulatory bodies.
- Continue to participate with businesses, other provincial and federal regulators and self-regulatory organizations in legislative harmonization initiatives.
- Continue to consult on mortgage broker regulations for government's consideration.
- Implement *The Mortgage Brokerages and Mortgage Administrators Act.*
- Continue to participate in the CCIR and the Joint Forum, particularly regarding:
  - relationships between insurers and sales intermediaries;
  - intermediary licensing;
  - risk-based market conduct;
  - developing a new approach to point-of-sale disclosure documents for mutual funds and individual variable insurance contracts; and
  - group life and accident and sickness insurance.
- Continue to monitor the progress of litigation in Canada and the activities of provincial ministerial initiatives regarding the alternative consumer credit market.
- Participate in the development of payday loan regulations.
- Implement *The Payday Loans Act.*
- Continue holding ongoing meetings with the hail insurance industry regarding complaint-handling processes and appointment of umpires.
- Review the Order of the Superintendent of Insurance, which delegates certain functions to the General, Life and Hail Insurance Councils.
- Develop and implement recommendations for amendments to *The Saskatchewan Insurance Regulations* regarding investment eligibility.
- Develop and implement recommendations for amendments to *The Saskatchewan Insurance Councils Regulations* to enable the insurance councils to assess fines and collect costs associated with investigations and hearings.
- Create a legal and policy branch.
- Continue to participate in the development of a national complaint reporting system for insurance.
- Participate in national review of incidentally sold insurance and consideration of its appropriate regulation in Saskatchewan.
- Participate in a review of *The Credit Union Act, 1998.*
- Consider developing a regulatory regime for deposit agents under *The Trust and Loan Corporations Act, 1997.*
- Identify changes necessary for requiring Saskatchewan deposit-taking institutions to meet Basel II international banking capital standards.

2008-09 Results

- Responded to consumer inquiries and complaints.
- Protected consumers by licensing, auditing and examining regulated financial services businesses.
- Oversaw, monitored and supported the operation of existing industry regulatory bodies.
- Reviewed and approved bylaws from the Saskatchewan Insurance Councils and the Saskatchewan Real Estate Commission.
- Continued to participate with businesses, other provincial and federal regulators and self-regulatory organizations in legislative harmonization initiatives.
- Continued in the development of mortgage broker regulations for government's consideration.
- Continued to participate in the CCIR and the Joint Forum, particularly regarding:
  - relationships between insurers and sales intermediaries;
  - intermediary licensing;
  - risk-based market conduct;
  - developing a new approach to point-of-sale disclosure documents for mutual funds and individual variable insurance contracts; and
  - group life and accident and sickness insurance.
- Continued to monitor the progress of litigation in Canada and the activities of provincial ministerial initiatives regarding the alternative consumer credit market.
- Participated in the development of payday loan regulations.
- The implementation of *The Payday Loans Act* has been deferred until regulations are finalized.
- Continued holding ongoing meetings with the hail insurance industry regarding complaint-handling processes and appointment of umpires.
- Developed and implemented recommendations for amendments to *The Saskatchewan Insurance Regulations* regarding investment eligibility.
- Developed and implemented recommendations for amendments to *The Saskatchewan Insurance Councils Regulations* to enable the insurance councils to assess fines and collect costs associated with investigations and hearings.
- Staffed the legal and policy branch.
- Continued to participate in the development of a national complaint reporting system for insurance.
- Participated in national review of incidentally-sold insurance and consideration of its appropriate regulation in Saskatchewan.
- Participated in a review of *The Credit Union Act, 1998.*
- Considered developing a regulatory regime for deposit agents under *The Trust and Loan Corporations Act, 1997.*
- Issued two compliance orders under *The Saskatchewan Insurance Act* and *The Trust and Loan Corporations Act, 1997* to protect Saskatchewan consumers from unauthorized insurance and loan broker activity.
- Monitored provincial entities' transition and implementation processes for adoption of International Financial Reporting Standards.

- Participated in discussions with respect to the formation of a Prairie Central with credit union regulators for Alberta, Manitoba and the Office of the Superintendents of Financial Institutions (OSFI) and credit union centrals for Saskatchewan, Alberta and Manitoba.
- Participated in discussions with OSFI and provincial insurance regulators regarding the implications of changes to Part XIII of the *Insurance Companies Act* (Canada).

Statistics:

Item	2008-09	2007-08	2006-07	2005-06
Licences in force				
• *The Saskatchewan Insurance Act* (companies)	259	264	263	265
• *The Trust and Loan Corporations Act, 1997*				
- Financing Companies	85	91	80	71
- Trust Companies	42	44	42	43
- Loan Companies	8	8	8	8
- Loan Brokers	6	6	4	3
• *The Mortgage Brokers Act* (brokers)	224	170	128	97
Credit Unions (as at December 31)	66	75	87	100
Primary Regulator (# companies)	337	289	234	194
Responded to Inquiries	2,365	2,147	2,640	2,100
Opened files with respect to complaints and inquiries	302	211	201	172
Audits, inspections or reviews	24	24	23	23

2009-10 Plans

- Respond to consumer inquiries and complaints.
- Protect consumers by licensing, auditing and examining regulated financial services businesses.
- Oversee, monitor and support the operation of existing industry regulatory bodies.
- Continue to participate with businesses, other provincial and federal regulators, and self-regulatory organizations in legislative harmonization initiatives.
- Continue to develop and consult on mortgage broker regulations for government's consideration.
- Implement *The Mortgage Brokerages and Mortgage Administrators Act*. (The initiative to implement this Act has been deferred to 2009-10.)
- Continue to participate in the CCIR and the Joint Forum, particularly regarding:
  - relationships between insurers and sales intermediaries;
  - intermediary licensing; and
  - implementing point-of-sale disclosure documents for mutual funds and individual variable insurance contracts.
- Continue to monitor the progress of litigation in Canada and the activities of provincial ministerial initiatives regarding the alternative consumer credit market.
- Continue to participate in the development of payday loan regulations.
- Continue holding ongoing meetings with the hail insurance industry regarding claims adjustment, complaint-handling processes and the appointment of appraisers and umpires.
- Review the Order of the Superintendent of Insurance, which delegates certain functions to the General, Life and Hail Insurance Councils. (The initiative to review the Superintendent's Order has been deferred to 2009-10.)
- Participate in the implementation of a national complaint-reporting system for insurance.
- Continue to participate in national review of incidentally-sold insurance and consideration of its appropriate regulation in Saskatchewan.
- Continue to participate in a review of *The Credit Union Act, 1998.*
- Continue to monitor provincial entities' transition and implementation processes for adoption of International Financial Reporting Standards.
- Continue to participate in discussions with respect to the formation of a Prairie Central for credit unions in Saskatchewan, Alberta and Manitoba.
- Identify changes necessary for requiring Saskatchewan deposit-taking institutions to meet Basel II international banking capital standards. (The initiative to identify the necessary changes has been deferred to 2009-10.)
- Continue to participate in discussions with OSFI and provincial insurance regulators regarding the implications of changes to Part XIII of the *Insurance Companies Act* (Canada).

Pensions Division

The legislation administered by the Pensions Division protects employees' pensions. Standards are established with respect to the structure and administration of pension plans, as well as to the investment and ongoing funding of plans.

The Pension Benefits Act, 1992 regulates employer-sponsored pension plans with Saskatchewan workers as members. The Act does not apply to certain plans established for employees of the Governments of Saskatchewan and Canada, nor does it apply to plans associated with undertakings regulated by the federal government (e.g., plans for employees of companies involved in banking, transportation, broadcasting, grain handling).

The Pensions Division identifies and manages risks and problems to bolster public confidence in the pension system, while allowing the market to develop to meet the retirement needs of Saskatchewan workers and employers.

2008-09 Key Commitments

- Protect pension plan members from undue loss by ensuring plans are funded in accordance with legislation, plan benefits comply with the legislated minimum standards, and plans are administered in compliance with the legislation and plan documents.
- Review 30 to 40 actuarial valuation reports for non-designated pension plans, 425 annual information returns, 50 new plans, 20 plan terminations and 100 to 150 plan amendments.
- Conduct two on-site Administrative Pension Examinations.
- Assess and test the governance practices of the administrators of selected plans who have completed and filed the CAPSA Self-Assessment Questionnaire. Do this to determine the effectiveness of the current legislative framework, consider revisions to the Division's pension plan audit approach and consider developing educational material for plan administrators.
- Review the information technology application supporting the activities of the Pensions Division.
- Further refine the risk-based supervisory approach in response to the Provincial Auditor's recommendations.
- Participate in CAPSA and Joint Forum projects related to consumer complaint resolution, point-of-sale disclosure for mutual funds and segregated funds, the agreement for the regulation of multi-jurisdictional plans and completion of CAPSA's model pension law project.
- Participate in the National Compliance Officers Association.

2008-09 Results

- Reviewed 34 actuarial valuation reports filed for non-designated pension plans[1]. An actuarial valuation measures the financial position of a defined benefit plan and recommends prospective contribution rates. Defined benefit plan assets of $11.1 billion exceeded their liabilities of $10.9 billion. The system as a whole had a surplus of about $195 million. Of 228 defined benefit plans, 157 had an unfunded liability. Total unfunded liabilities of plans have increased from $199 million to $381 million, while total surplus assets of plans have increased from $545 million to $577 million. Ten plans accounted for 95 per cent of the $381 million in unfunded liabilities. The Division monitored those plans closely.
- Refined the risk-based supervisory approach in response to the Provincial Auditor's recommendations.

1 Designated pension plans are plans established for connected persons or senior executives pursuant to section 8515 of the *Income Tax Regulations* (Canada).

- Released a policy bulletin on Phased Retirement.
- Released a discussion paper on temporary solvency funding relief for defined benefit pension plans.
- Participated in CAPSA and Joint Forum projects:
  - released a final report on Regulatory Principles for a Model Pension Law;
  - released a proposed Agreement Respecting Multi-jurisdictional Pension Plans for review and comment by pension stakeholders;
  - reviewed the Guidelines for Capital Accumulation Plans;
  - released a proposed new point-of-sale disclosure regime for the sale of mutual funds and segregated funds; and
  - Saskatchewan chaired CAPSA.

Statistics:

Activity	2008-09	2007-08	2006-07	2005-06
Number of Plans Supervised	481	471	426	399
New Plans Registered	27	55	41	35
Plan Terminations Reviewed	17	13	14	22
Annual Information Returns Reviewed	479	410	402	366
Plan Amendments Registered	118	143	354	250
Actuarial Valuations Reviewed	34	40	66	54

2009-10 Plans

- Protect pension plan members from undue loss by ensuring plans are funded in accordance with legislation, plan benefits comply with the legislated minimum standards, and plans are administered in compliance with the legislation and plan documents.
- Review 50 to 60 actuarial valuation reports for non-designated pension plans, 450 annual information returns, 30 new plans, 20 plan terminations and 100 to 150 plan amendments.
- Implement changes to the risk-based supervisory program as a result of the Provincial Auditor's recommendations.
- Conduct five on-site Administrative Pension Examinations.
- Review the information technology application supporting the activities of the Pensions Division.
- Develop amendments to *The Pension Benefits Regulations, 1993* to reflect temporary changes to solvency funding requirements for defined benefit pension plans.
- Develop amendments to *The Pension Benefits Act, 1992* to recognize the new agreement for multi-jurisdictional pension plans. Begin a review of the funding rules under this Act.
- Participate in CAPSA and Joint Forum projects related to the prudent investment and funding of pension plans, the regulation of defined contribution plans, reviewing the role and mandate of CAPSA, and reviewing fund holder arrangements.
- Participate in the National Compliance Officers Association.

Securities Division

The Securities Division protects investors by regulating the sale of securities, without undue restriction, to ensure that:

- Those who sell securities to investors are honest and competent;
- Investors are provided with selling documents that contain truthful, complete and understandable information on which to base their investment decisions;
- Buyers and sellers have equal access to information about companies whose shares trade in secondary markets; and
- Those who take undue advantage of investors are held to account.

2008-09 Key Commitments

- Continue to carry out core functions in registration, prospectus and offering memorandum review, continuous disclosure review, discretionary exemption applications, and enforcement.
- Continue to meet established turnaround times in registration, exemption applications, prospectus review and enforcement.
- Carry out compliance reviews of three Saskatchewan-based advisers, in keeping with a three-year review cycle for all advisers.
- Review continuous disclosure material filed by six Saskatchewan-based public companies selected according to the following criteria for:
  - TSX and TSX-V Tier 1 issuers - companies representing 25 per cent of average market capitalization; and
  - TSX-V Tier 2, NEX and unlisted issuers - 10 per cent of the total number of issuers.
- Finalize recognition of Investment Industry Regulatory Organization of Canada (IIROC), which was formed by merger of the Investment Dealers Association (IDA) and Market Regulation Services (Regulation Services).
- Continue to oversee the IIROC and the Mutual Fund Dealers Association (MFDA).
- Create a compliance program for Saskatchewan-based investment fund managers and exempt market dealers.
- Develop and implement response to Provincial Auditors' recommendations regarding enforcement processes.
- Continue to coordinate work with RCMP Commercial Crime, including developing protocols for joint file planning.
- Work with Justice Legislative Services and Financial Institutions Division to finalize policy issues on regulation of intermediation of deposit instruments in Saskatchewan.
- Develop amendments to *The Securities Act, 1988* and *The Securities Regulations* necessary to adopt and implement National Instrument 31-103 *Registration Requirements.*
- Create a one-decision/one-law system of registration by implementing NI 31-103 *Registration Requirements* and amendments to NI 11-102 *Passport System.*
- Finalize delegation of registration of investment dealers and their salespersons to IIROC.
- Contribute to the development of national securities laws by participating in projects of the CSA, including:
  - developing National Instrument 55-101 *Insider Trading* to harmonize insider reporting requirements and exemptions;
  - developing a fee model for all jurisdictions that reflects the one-decision system under Passport; and

- amending existing national instruments, including the NI 41-101 *Prospectus Requirements*, NI 46-105 *Prospectus and Registration Exemptions*, and NI 51-102 *Continuous Disclosure Requirements*.

- Participate on various CSA Standing Committees that coordinate securities regulation in Canada.

2008-09 Results

- Continued to carry out core functions in registration, prospectus and offering memorandum review, continuous disclosure review, discretionary exemption applications and enforcement.

- Continued to meet established turnaround times in registration, exemption applications, prospectus review and enforcement.

- Compliance reviews:
  - Carried out compliance reviews of two Saskatchewan-based advisers, completing a three-year review cycle for all advisers;
  - Participated in CSA national review of operations of the MFDA; and
  - Participated in CSA review of an adviser with operations in all jurisdictions.

- Continuous disclosure review:
  - Reviewed continuous disclosure material filed by five Saskatchewan-based public companies.
  - Performed issued-based review (related to the credit crisis) of all Saskatchewan-based issuers whose securities are listed on an exchange.

- Finalized recognition of IIROC (formed by merger of the IDA and Regulation Services).

- Finalized delegation of registration of investment dealers and their salespersons to IIROC.

- Continued to oversee IIROC and the MFDA.

- Deferred creating a compliance program for Saskatchewan based investment fund managers and exempt market dealers because implementation of new registration requirements delayed by the CSA.

- Responded to the Provincial Auditors' recommendations regarding enforcement processes by establishing:
  - a formal system to focus investigative resources on timely attention to the most significant complaints;
  - standards for planning, conducting, and reviewing investigations into complaints from the investing public;
  - a system to monitor all investigations of complaints from the investing public including those referred to self-regulatory organizations;
  - a system of reporting to the Commission sufficient information about investigations of complaints from the investing public so that the Commission can determine that its responsibilities are carried out; and
  - performance targets for enforcement activities.

- Continued to coordinate enforcement efforts with RCMP Commercial Crime, including finalizing an information sharing agreement.

- Work on finalizing policy issues on regulation of intermediation of deposit instruments in Saskatchewan was deferred.

- Amendments to *The Securities Act, 1988* and *The Securities Regulations* necessary to adopt and implement National Instrument 31-103 *Registration Requirements* were passed.

- Deferred implementation of NI 31-103 *Registration Requirements* and amendments to NI 11-102 *Passport System* to create a one-decision/one-law system of registration to September 2009 because of legislative delays in other jurisdictions.

- Contributed to the development of national securities laws by participating in projects of the CSA, including:

  - developing National Instrument 55-103 *Insider Trading* to harmonize insider reporting requirements and exemptions;
  - developing a fee model for all jurisdictions that reflects the one-decision system under Passport; and
  - amending existing national instruments, including NI 41-101 *Prospectus Requirements*, NI 45-106 *Prospectus and Registration Exemptions*, and NI 51-102 *Continuous Disclosure Requirements*.

- Participated on various CSA Standing Committees that coordinate securities regulation in Canada.

Statistics:

Activity	2008-09	2007-08	2006-07	2005-06
Companies registered at year end	355	348	358	300
Individuals registered at year end	10146	9668	9472	8701
Review and issue receipts for selling documents of Saskatchewan issuers	6	15	7	7
Issue receipts for selling documents of non-Saskatchewan issuers in other jurisdictions	780	911	870	722
Receive continuous disclosure documents for issuers				
Annual financial statements	4288	4276	5087	3086
Interim financial statements	7116	7080	6837	6667
Proxy / information circulars	3585	4127	3516	3212
Material change reports	3655	4156	4322	3598
Annual information forms	1332	1165	1448	518
Management Discussion and Analysis:				
- Annual	1344	1412	1422	735
- Interim	4059	4123	4040	4000
Annual Management Report of Fund Performance	3011	2822	3692	772
Interim Management Report of Fund Performance	2829	2720	2409	321
Certification of annual filings	1422	1494	1455	633
Certification of interim filings	4085	4127	4026	3804
Deal with applications for exemption				
Applications granted	225	535	599	595
Applications withdrawn	141	133	141	90
Applications denied	1	1	0	n/a
Investigate complaints and take enforcement action				
Files opened	161	158	143	97
Files closed	182	139	144	126
Obtained agreements and undertaking	1	2	4	2
Conducted examinations under oath	9	1	0	22
Held hearings	0	0	1	2
Issued investigation orders	2	6	2	7
Issued temporary cease trade orders	5	11	6	4
Issued extending / permanent cease trade orders	5	11	6	7
Issued orders removing exemptions	0	0	0	5

2009-10 Plans

- Continue to carry out core functions in registration, prospectus and offering memorandum review, continuous disclosure review, discretionary exemption applications and enforcement.
- Compliance reviews:
  - Carry out compliance reviews of three Saskatchewan-based advisers;
  - Participate in CSA review of operations of IIROC; and
  - Participate in CSA review of a national adviser with operations in all jurisdictions.
- Review continuous disclosure material filed by five Saskatchewan-based public companies selected according to the following criteria for:
  - TSX and TSX-V Tier 1 issuers - companies representing 25 per cent of average market capitalization; and
  - TSX-V Tier 2, NEX and unlisted issuers - 10 per cent of the total number of issuers.
- Create a one-law and one-decision passport system for registration by implementing:
  - National Instrument 31-103 *Registration Requirements;* and
  - Amendments to National Instrument 11-102 *Passport System.*
- Continue to oversee the IIROC and the MFDA of Canada.
- Create a compliance program for Saskatchewan-based investment fund managers and exempt market dealers.
- Finalize the Enforcement Manual by including processes for specialized investigations, including insider trader, market manipulation and improper use of exemptions.
- Manage regulatory risks by:
  - Updating the risk assessment for the Enforcement Branch.
  - Establishing and implementing a plan to mitigate the key risks to the achievement of the Commission's statutory objectives where the Enforcement Branch is the primary control.
- Develop a staff notice on publication of personal information on our Web site.
- Develop changes to the fee schedule to implement the simplified and harmonized fee structure developed by the CSA.
- Develop amendments to *The Securities Act, 1988* to:
  - Provide for oversight of the Canadian Public Accounting Board;
  - Implement International Financial Reporting Standards;
  - Implement the point of sale model for mutual funds; and
  - Include regulation-making heads of power to implement regulation of credit rating agencies.
- Contribute to the development of national securities laws and the work of the International Organization of Securities Commissions (IOSCO) and the G20 by participating in projects of the CSA, including:
  - Consider the appropriate regulatory framework for credit rating agencies;
  - Examine the regulation of derivatives in Canada;
  - Amend NI 58-201 Prospectus Requirements, NI 45-106 *Prospectus and Registration Exemptions*, and NI 51-102 *Continuous Disclosure Requirements; and*
  - Amend NP 58-201 *Corporate Governance Guidelines*, NI 58-101 *Disclosure of Corporate Governance Practices*, and NI 52-110 *Audit Committees* to move toward broad principles of good corporate governance practices.
- Participate on various CSA Standing Committees that coordinate securities regulation in Canada.
- Document requirements and functionality of a new database for the Enforcement Branch.

Performance Measures

In addition to tracking our core activities and progress toward achieving strategic action items, the SFSC uses performance measures developed within a balanced scorecard framework to assess our strategic success.

Stakeholder	People
1. Client (those regulated) confidence in the SFSC and the financial marketplace	6. Human resource management effectiveness 7. Participation in learning and development
Operational / internal	**Financial**
2. Number of regulated entities reviewed each year 3. Oversight of SROs (to be developed) 4. Initial response to complains or inquiries made to Enforcement Branch within five days 5. Client service standards	8. Variance from budget

Client Service Standards

Securities Division:

- Register persons or send a deficiency notice within 10 business days, where SFSC is the principal regulator, or five business days, where the SFSC is not the principal regulator, from receipt of application for registration.
- Provide initial comments within 10 business days of the date of the preliminary receipt issued for a long-form prospectus and within three business days of the date of the preliminary receipt issued for a short-form prospectus, where SFSC is the principal regulator.
- Enforcement:
  - Acknowledge complaints within two business days;
  - Complete case assessments within 30 days.
  - Compete investigation plans within 30 days of being assigned a file; and
  - Complete investigations in one to nine months, and within the timelines set out in the investigation plan.

Pensions Division:

- Review actuarial valuations of non-designated pension plans within 45 calendar days.
- Review annual information returns within 25 calendar days.

Financial Institutions Division:

- Review an application and issue the license/ registration or an initial comment letter within 30 business days, where the SFSC is the primary regulator, or 15 business days, where the SFSC is not the primary regulator.

Measure	Data	Why Chosen?	Target	Performance
1. Client (those regulated) confidence in SFSC and the financial marketplace	Client survey	Clients are stakeholders whose views regarding the effectiveness of regulation are important	>3.0 on a 5-point scale, indicating "somewht to Very Confident" rating	Average response of 3.1 in 2008 survey
2. Number of regulated entities reviewed (field and desk review) each year	Number of entities directly regulated by SFSC Target number of entities that will be reviewed (based on risk and other criteria	If a reasonable number of entities are reviewed, it serves both as an education and a deterrence to all regulated	100% of target	FID 100% Securities 100% Pensions 100%
3. Oversight of SROs (to be developed)				
4. Initial response to complaints or inquiries made to Enforcement Branch within five days	Number of complaint files received by Enforcement Branch, time to make initial decision	Timely decision making indicates SFSC takes complaints seriously and contributes to timely enforcement action	100%	100%
5. Client service standards	See client service standards set out on page 21	Timely response is an indicator that SFSC is providing quality service to those regulated	See client service standards - target 100%	*Securities:* registrations - 89% prospectus - 100% *Pensions:* valuations - 35% annual information returns - 99% *FID:* licensing - 96%
6. Human resource management effectiveness	Employee survey	Human capital is SFSC's most valuable resource	90% or more of staff believe the SFSC is an average or above average place to work	Most recent data - 2005 survey - 89%
7. Participation in one or more learning and evelopment events	HR database	SFSC is committed to creating a learning environment for its employees	80% of employees	88% of employees participated in a learning event
8. Variance from budget	MIDAS	Managing within authorized amounts is an indicator of efficiency	Be within 10% of budget	4% under budget in 2008-09

Legislation

General

- *The Saskatchewan Financial Services Commission Act*
- *The Saskatchewan Financial Services Commission Assignment Regulations*

Financial Institutions

- *The Cost of Credit Disclosure Act, 2002*
- *The Credit Union Act, 1998*
- *The Credit Union Regulations, 1999*
- *The Credit Union Insurance Business Regulations*
- *The Credit Union Act, 1985*
- *The Credit Union Regulations*
- *The Mortgage Brokers Act*
- *The Mortgage Brokers Regulations*
- *The Real Estate Act*
- *The Real Estate Regulations*
- *The Saskatchewan Insurance Act*
- *The Saskatchewan Insurance Councils Regulations*
- *The Saskatchewan Insurance Compensation Plan Regulations, 1990*
- *The Saskatchewan Insurance Regulations, 2003*
- *The Trust and Loan Corporations Act, 1997*
- *The Trust and Loan Corporations Regulations, 1999*

Pensions

- *The Pensions Benefits Act, 1992*
- *The Pension Benefits Regulations, 1993*

Securities

- *The Securities Act, 1988*
- *The Securities Regulations*
- *The Securities Commission (Regulation Procedures) Regulations*
- *The Securities Commission (Disclosure of Personal Information) Regulations*
- *The Securities Commission (Adoption of National Instruments) Regulations*
- *The Securities Commission (Local Instruments) Regulations*

Where to Obtain More Information

This report provides information about our accomplishments and our future plans. If you have any questions or comments, or would like additional copies of the report, we invite you to call (306) 787-5645.

Or contact:

Saskatchewan Financial Services Commission
Suite 601 - 1919 Saskatchewan Drive
REGINA SK S4P 4H2

Or visit our website: **www.sfsc.gov.sk.ca**